

Confidential Stablecoins & Architectural Settlement Report

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1. Executive Summary

This report delivers a deep structural comparison between **Confidential USDC (cUSDC)** and **Confidential USDT (cUSDT)**, examining the cryptographic mechanisms of Fully Homomorphic Encryption (FHE). It maps out the strategic implications of the May 2026 cUSDC asset-freezing incident and presents the integration parameters of **FluidCluster's Ecompensa** framework acting as a netting proxy layer for sovereign CBDC systems.

2. Technical Framework Matrix & View Keys

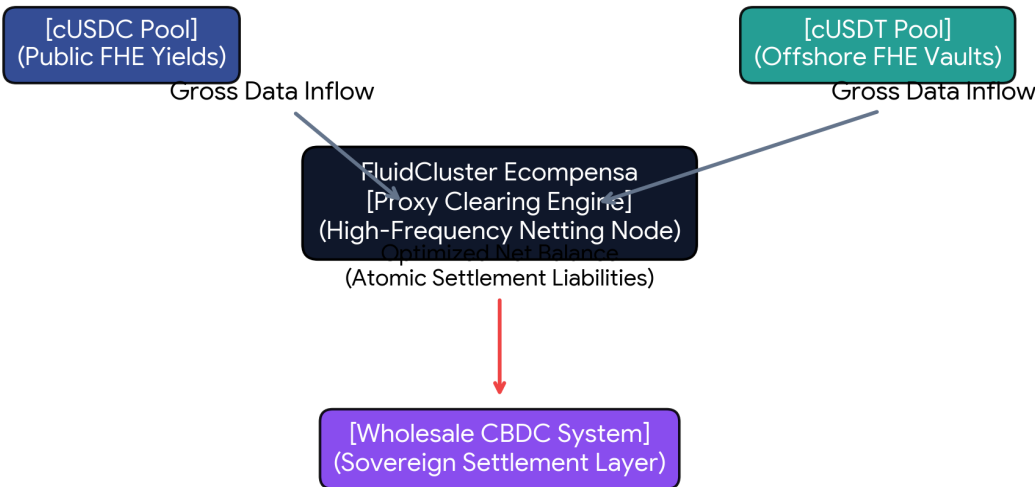
Vector	Confidential USDC (cUSDC)	Confidential USDT (cUSDT)
View Keys	Delegated View Keys: Native cERC-20 standard allowing temporary, auditable, read-only balance verification without risking spend authority.	Access Controls: Managed over standard ERC-7984 frameworks using programmable encrypted parameters under automated compliance.
Framework	Co-authored via public research by Inco Network and Circle Research .	Direct implementation ecosystem co-developed by Zama and Tether .
Composability	Public lending venues like the Steakhouse Confidential USDC Prime Vault on Morpho.	Integrated across 16 multi-asset encrypted yield vaults on institutional layouts.

3. The Zama-Circle Legal Disconnect

Analysis proves that Zama and Circle are not business partners. Zama launched cUSDC permissionlessly. When the May 2026 Overnight Finance lawsuit occurred, Circle triggered an immediate contract freeze without notifying Zama, sweeping innocent user liquidity into a 3-day lockout before it was judicially reversed. This asset vulnerability led directly to the strategic, corporate-aligned architectural design found in cUSDT.

4. FluidCluster Ecompensa Multilateral Netting Loops

Central banks cannot natively settle values via permissionless public ledger pools due to compliance boundaries. FluidCluster's Ecompensa engine overrides this constraint by serving as an intermediate proxy layer that aggregates gross private FHE asset transactions, netting them multilaterally before finalizing settlements to the wholesale sovereign node.



5. Technical Implementation: Delegated View Keys

```
interface IConfidentialViewKeys {
    event ViewKeyDelegated(address indexed owner, address indexed auditor, bytes32 key);
    function delegateViewAccess(address _auditor, bytes calldata _pubKey) external
    returns (bool);
    function getEncryptedBalanceForAuditor(address _owner) external view returns (bytes
    memory);
}
```

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